

AR APPRAISER LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 113 of 2007
A.C.A. § 17-14-101 et seq.

History and Organization

The necessity for establishing this agency was prompted by enactment of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), which requires that all federally related transactions requiring appraisals will be performed by state licensed and/or certified appraisers. Act 541 was the instrument that set in motion the mechanics for Arkansas to pre-qualify, test, and issue licenses to appraisers in order that the State might be in compliance with the Federal Act.

In its general purpose statement, Title XI of FIRREA states that it is to "provide that federal, financial, and public interest in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with the Uniform Standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision."

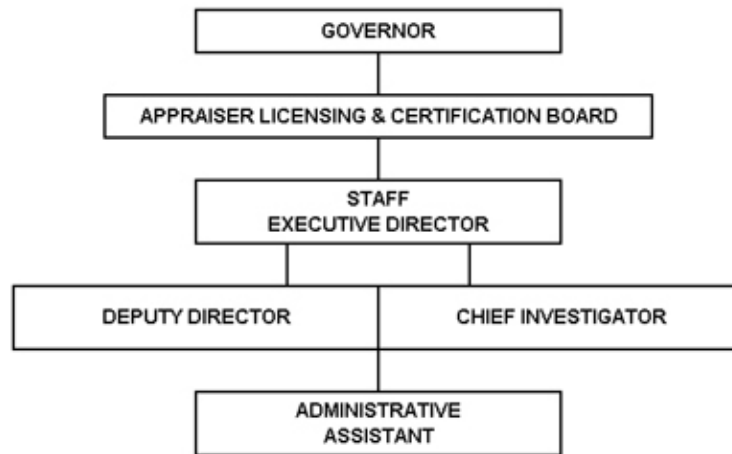
The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers, which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions of the initial Act and limited financial institutions' liability on non-federally related transactions. In 2001, the General Assembly expanded the role of this Board by adding a fourth classification of appraisers, State Registered. This Amendment has added more than 375 individuals to its roster.

The Arkansas Appraiser Licensing Board is composed of ten (10) members appointed by the Governor, seven of whom are practicing appraisers, and the primary duties of this Board are to establish, maintain, and periodically update meaningful qualification standards for state registered, licensed, and certified appraisers practicing in Arkansas. This includes testing, reviewing work experience and educational backgrounds that are adequate to demonstrate the applicant's knowledge and competency of the profession. The agency is charged with maintaining a roster of the names, addresses, and phone numbers of all persons licensed/certified under Act 541 (A.C.A. 17-14-203) and in accordance with Title XI of FIRREA must update and submit this roster monthly to the Appraisal Subcommittee. The Act also provides for the Board to promulgate rules and regulations for handling complaints, disciplinary matters and to establish administrative procedures for the setting and collection of fees necessary for operation of this Board.

Some of the more significant activities this Agency is called on to perform are:

- To process applications for registration, license, or certification in compliance with the Agency's Rules and Regulations and to personally interview (where applicable) all applicants prior to examination;
- To provide an approved examination for all applicants meeting the minimum qualifications for licensing;
- To issue, where appropriate, a registration, license, or certificate to qualified applicants;
- To establish annual fees to be billed in May/June and November of each year;
- To monitor the continuing education of each registered or licensed appraiser and to validate compliance prior to the annual issuance of a new license and/or certificate;
- To investigate and adjudicate all complaints, an area that has become a major activity of this Board;
- To develop and distribute on a quarterly basis a newsletter addressing appraisal issues;
- To sponsor and/or coordinate annual seminars for the purpose of updating licensees of changes within the industry standards;
- To provide annually, subject to budgetary consideration, all licensees with a current version of the Uniform Standards of Professional Appraisal Practice;
- To maintain a current website via Arkansas home Page whereby practitioners, potential applicants, and the consuming public can go to learn more about regulations impacting real estate appraiser licensing; and
- To insure the Agency's adherence to federal guidelines and cooperate with the Federal reviewers from ASC when auditing the agency's operation.



Agency Commentary

The projected income generated by annual fees collected from the registered, licensed, and certified appraisers and the established reserves, seminar registration fees, and interest income are believed to be sufficient to cover the expenditures noted in this proposed budget request by the Arkansas Appraiser Licensing and Certification Board.

The more significant part of this budget is the operating expense for this board. The operating expenses are becoming more defined in many areas resulting in our ability to make more intelligent projections based on agency history. In the past year, the Board added a Deputy Director position through an Emergency Supplemental Position request approved during the 2007-2009 biennium. The Deputy Director is responsible for the daily operations of the agency, including training and supervision of the Administrative Assistant position, monitoring the status of disciplinary actions and ensuring Board

compliance with federal criteria. The Board requests continuation of this position as a Regular Position for this budget; therefore, we are anticipating the added expense for salaries and matching in this budget.

This Board operates with ten Board members and there exists a constant turn over due to staggered terms and the limitation on years served. This turnover results in a need to educate and inform the members of their responsibilities and participation. To enhance their competency when rendering decisions on policy matters, not only are there internal orientation sessions but encourage all Board members to participate whenever possible, in out-of-state seminars and conferences which afford them an opportunity to learn more about their role in the regulatory process.

The Board has developed a website and interfacing with the Arkansas Home Page on behalf of this Board. On-line renewals are also being utilized.

The Board believes it incumbent on the budget process to provide for these anticipated purchases as well as a contingency for the unknown.

Additional expenditures are proposed for the Board and staff to participate in educational seminars and out-of-state conferences. This proposed budget incorporates an increase in several areas of the general operating expense, which will cover the rising cost of office rent, postage, office supplies, staff parking, etc. and the out-of-state travel for the staff.

In summary, this proposed Biennial Budget Request reflects essentially the above which is anticipated for an expanded and maturing regulatory and enforcement agency and with minor increases in general operating expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATE BOARD
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	2	3	75 %
Black Employees	0	1	1	25 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	25 %
Total Employees			4	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3450000	\$660,571	State Treasury MM	State Treasury

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

A.C.A 17-14-101 et seq.

Revenue Receipts Cycle:

Funds are deposited in the money market account for payroll account and savings.

Fund Balance Utilization:

Use for payroll account and to secure additional CD's.

Fund Account	Balance	Type	Location
3450000	\$62,065	Certificate of Deposit	First Security Bank - Fayetteville

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in State Money Market Account.

Fund Balance Utilization:

To secure funds for future use

Fund Account	Balance	Type	Location
3450000	\$61,746	Checking	Regions Bank

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6) (G) establishes maximum fees not including exams for license. ACA 17-14-206 (a) authorizes fines for disciplinary action.

Revenue Receipts Cycle:

Fines and penalties are collected throughout the year. The majority of fees are collected in June of each year and December. Funds are deposited in bank account as received.

Fund Balance Utilization:

The Board anticipates more expenses in the budget thereby reducing the Agency reserves. Funds are used for expenditures and to purchase CD's and transfer money into the money market trust fund at the State Treasury.

Fund Account	Balance	Type	Location
3450000	\$101,112	Certificate of Deposit	Pulaski Bank – Little Rock

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6) (G) establishes maximum fees not including exams for license. ACA 17-14-206 (a) authorizes fines for disciplinary action.

Revenue Receipts Cycle:

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Fund Balance Utilization:

The Board anticipates more expenses in the budget thereby reducing the Agency reserves. Funds are used for expenditures and to purchase CD's and transfer money into the money market trust fund at the State Treasury.

Fund Account	Balance	Type	Location
3450000	\$58,340	Certificate of Deposit	Simmons First Bank/Lincoln

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6) (G) establishes maximum fees not including exams for license. ACA 17-14-206 (a) authorizes fines for disciplinary action.

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Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	A.C.A. 17-14-201	N	N	1,200	Revised periodically for housekeeping purposes and federal guideline updates. Furnished to all registered and licensed appraisers when revised and to newly licensed appraisers.
Statutes and Amendments	A.C.A. 17-14-103	N	N	1,200	Sent to newly registered, licensed, and certified appraisers and other Appraiser State Boards.
The Appraiser	N/A	N	N	1,200	Quarterly newsletter published and mailed to all registered, licensed, and certified appraisers to keep them abreast of the Board's activities, operations, and other helpful information.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	3	0	3	0	0.00 %	3	4	0	4	-1	-33.33 %	3	4	0	4	-1	-33.33 %

The -1 Unbudgeted position for FY08 and FY09 is due to a Supplemental Emergency Position.

Analysis of Budget Request

Appropriation: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

The mission of the Arkansas Appraiser Licensing & Certification Board is to maintain a system for licensing and regulating real estate appraisers in compliance with federal guidelines and results in license holders who have verified adequate education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

The Appraiser Licensing Board is funded from the receipt of application fees and annual license renewals.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a Change Level of \$55,799 for each year of the biennium. The increase includes a request to continue as a Regular Position, the Supplemental Emergency Position approved during the 2007-2009 biennium for a Deputy Director. The position is responsible for daily operations of the agency, including training and supervision of the Administrative Assistant position, monitoring the status of disciplinary actions and ensuring Board compliance with federal criteria.

The Board also requests an increase in the Operating Expenses line item of \$6,500 for each year of the biennium and an increase in the Travel line item of \$4,000 each year of the biennium. The Operating Expenses increase is primarily for postage, board member travel expenses, office rent, and cash fund service charge. The Travel increase is for staff travel to the Appraiser Association of Regulatory Officials (AARO) to network with other state agencies and to keep current with the many federal changes. This also includes an increase for out of state conferences and training sessions for the individuals who will replace the retiring investigator and executive director.

Executive Recommendation provides for Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	187,558	188,833	187,433	193,559	227,420	227,420	197,770	231,631	231,631
#Positions		3	3	3	3	4	4	3	4	4
Personal Services Matching	5010003	51,527	59,039	49,423	50,537	61,975	61,975	51,327	62,765	62,765
Supplemental Emerg Positions	5010007	8,885	42,840	0	0	0	0	0	0	0
Operating Expenses	5020002	109,562	140,578	140,578	140,578	147,078	147,078	140,578	147,078	147,078
Conference & Travel Expenses	5050009	6,933	5,700	5,700	5,700	9,700	9,700	5,700	9,700	9,700
Professional Fees	5060010	5,748	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		370,213	448,490	394,634	401,874	457,673	457,673	406,875	462,674	462,674
Funding Sources										
Fund Balance	4000005	876,434	943,834		843,344	843,344	843,344	729,671	729,671	729,671
Cash Fund	4000045	437,613	348,000		288,201	344,000	344,000	288,201	344,000	344,000
Total Funding		1,314,047	1,291,834		1,131,545	1,187,344	1,187,344	1,017,872	1,073,671	1,073,671
Excess Appropriation/(Funding)		(943,834)	(843,344)		(729,671)	(729,671)	(729,671)	(610,997)	(610,997)	(610,997)
Grand Total		370,213	448,490		401,874	457,673	457,673	406,875	462,674	462,674

Budget amount in Personal Services Matching and Supplemental Emergency Positions exceeds the authorized amount due to a transfer from the Cash Fund Holding Account and an authorized Supplemental Emergency Position.

Actual amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to a transfer from the Salary Holding Account.

Conference & Travel Actual Expenses exceeds authorized appropriation by authority of a Budget Classification Transfer.

The Actual amount of Cash funding in FY08 is significantly higher than FY09 and biennial estimates due to fewer licensees and applicants because of the real estate market and increased requirements to maintain appraiser status.

Change Level by Appropriation

Appropriation: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	401,874	3	401,874	100.0	406,875	3	406,875	100.0
C01	Existing Program	10,500	0	412,374	102.6	10,500	0	417,375	102.6
C06	Restore Position/Approp	45,299	1	457,673	113.9	45,299	1	462,674	113.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	401,874	3	401,874	100.0	406,875	3	406,875	100.0
C01	Existing Program	10,500	0	412,374	102.6	10,500	0	417,375	102.6
C06	Restore Position/Approp	45,299	1	457,673	113.9	45,299	1	462,674	113.7

Justification

C01	The Board requests an increase in Operating Expenses of \$6,500 for FY10 and FY11. This is to cover increases in postage, board member travel, office rent, and cash fund service charge. The agency requests an increase in Travel of \$4,000 for FY10 and FY11 for staff travel to the Appraiser Association of Regulatory Officials (AARO) to network with other state agencies and stay abreast of the many federal changes. This budget also anticipates additional out of state conferences and training sessions for those individuals who will be replacing a retiring investigator and executive director.
C06	The Board requests that the Emergency Supplemental Position approved during the 2007-2009 biennium be continued as a Regular Position. This position is responsible for day to day operations, including training and supervising the Administrative Assistant position, monitoring disciplinary actions, and ensuring compliance with federal criteria. With the impending retirement of the current investigator and executive director, the Board deems it critical to have staff who can manage the agency's affairs during any period of personnel change.